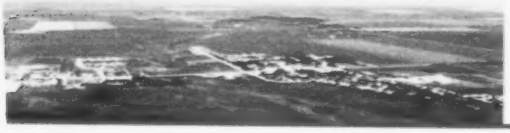
LOCAL GOVERNMENT SERVICES DIVISION



Municipal Services Branch

MUNICIPAL SPONSORSHIP PROGRAM

2003 Program Guidelines

http://www3.gov.ab.ca/ma/

Alberta
MUNICIPAL AFFAIRS

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2003 Municipal Sponsorship Program Guidelines

Alberta Municipal Affairs introduced the Municipal 2000 Sponsorship Program in 1998 to promote innovation, cooperation, and excellence in local government. During its first five years (1998 to 2002) the Program funded 1246 projects totalling approximately $58 million. Municipal feedback continues to indicate that:

i) The Municipal Sponsorship Program is a good program and should be continued largely as it is with ongoing evaluations.
ii) The Program should continue to emphasize project merit and quality proposals.
iii) The Program should continue to promote improved municipal practices and good planning.

The **2003 Program Guidelines** are based on the guidelines of previous years. In particular, please note the following:

1. The Program is continuing its emphasis on quality, as supported by increasing the maximum achievable quality rating from **85 to 90 points** (Sections 3.2 and 3.4). This point allocation emphasizes a weighting on project planning and implementation, and the usefulness of project results and quality components. The additional points reflect a moderate five point bonus for projects that involve significant data collection activities relating to the Municipal Infrastructure Management System (MIMS).

2. The Program is continuing its emphasis on intermunicipal cooperation, as supported by **the 25% intermunicipal bonus** (Section 4.3).

3. The Pilot Project implemented in 2001 to test a **multi-year project approval concept** (Section 3.5) that annually funds up to three eligible multi-year projects received a preliminary review in early 2003, and **will be continued** for another year. To qualify for the pilot, **projects must receive a quality score of at least 65** points.

4. The need factor calculations have been modified to reflect the past five years of data (Section 5.1).

These Program Guidelines apply to year **2003 project applications only**. Please use the 2003 Municipal Sponsorship Program Application Forms to apply for 2003 grants.

If you have any questions or require further information on the Municipal Sponsorship Program, please contact:

Mr. Ram Rajendra, Director, Grants and Administration, **or**
Ms. Lou Espino, Manager, Grants and Information Support, **or**
Ms. Janice Romanyshyn, Manager, Policy and Special Grants
by phone at (780) 427-2225, by fax at (780) 422-9133, by e-mail at
municipal.sponsorship@gov.ab.ca, or by writing:
Alberta Municipal Affairs
Municipal Services Branch
Grants and Administration Unit
17th Floor, 10155 - 102 Street
Edmonton, AB T5J 4L4

APPLICATION DEADLINE IS JULY 11, 2003

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1. GENERAL REQUIREMENTS

1.1 Is Your Municipality Eligible?

Any city, town, village, specialized municipality, municipal district, improvement district, special area, or Metis settlement with a population of 20,000 or less, based upon the 2002 Alberta Municipal Affairs Official Population List, may apply for a grant. The program **excludes** summer villages and those municipalities with populations of over 20,000.

If you have received an application form, **do not fill it in** if:

- your municipality is a summer village;
- your municipality has a population of over 20,000; or
- your municipality is participating in but **not** managing an **intermunicipal project**.

In the first two cases your municipality is **ineligible**. In the third case, the partner municipality that is **managing** the project should submit the grant application for the project.

Please be advised that municipalities will be ineligible to apply to the program if they have not complied with the terms and conditions of the conditional grant agreements for any project administered under the Municipal Sponsorship Program for the program year of 2000 or prior.

1.2 Which Application Form Should You Use?

There are **two** program application forms for the 2003 application process:

- For a project involving **your municipality only**, use the **2003 Single Municipality** Grant Application Form.
- If you are **managing** a project involving **two or more municipalities**, use the **2003 Intermunicipal Project** Grant Application Form.

Complete **a separate application for each project** if you are applying for more than one project (see Section 1.5).

1.3 Choosing a Project

All grant funding is conditional and project-based. Grants can be applied to operating or capital expenditures or both. The choice and definition of the project is up to the applying municipality, **but it must actually be a project (not a list of unrelated or loosely related items),** and all of the project eligibility conditions in Part 2 of the Program Guidelines must be met. Applicants run the risk of reduced grant funding if applications focus on unrelated projects.

Any project cost shortfalls, or resulting ongoing funding requirements will be the responsibility of the municipality(ies), **not** the program.

The project name is required for question **1(a)** and the project description is required for question **1(b)** on the Application Form. Please be clear in describing what is to be done and the other components of the project description since **unclear or poorly explained project descriptions will result in a reduced quality score** when the application is evaluated, and could cause delays with preparing the conditional grant agreement.

1.4 Basic or Enhanced Grants?

You must choose between applying for a basic grant **or** applying for enhanced grant funding for your project (or for each project if there is more than one - see Section 1.5). This choice has some significant implications:

a) You must provide considerably **more information** to support an enhanced grant application. The main requirements for a **basic grant** are to describe the project and show that it is eligible. An **enhanced grant** requires a **more detailed** description and explanation of the project (in terms of its benefits, usefulness, planning, etc.) so that the **relative merit** of the proposed project can be evaluated. The additional information required for enhanced grant applications is outlined in Part 3 of the Application Form and discussed in Part 3 of these Program Guidelines.

b) The **amount of the grant** varies:

- **Basic grant funding** is **$2.50 per capita** with a minimum total basic grant of $2,000 and a maximum of $20,000, based on the population of the municipality.

  Note: The $2,000 minimum applies to the municipality's entire basic grant eligibility. Where a municipality allocates its population among different projects, its grant eligibility (including the minimum and maximum amounts) will also be allocated in the same proportion to each project.

- **Enhanced grant funding** is **up to $20.00 per capita** to a maximum of $200,000, **except** that if the municipal population is less than 500, the maximum grant will be $10,000. Enhanced funding (see Sections 3.4, 4.3, and 5.2) may exceed $20.00 per capita or $200,000 if the project is eligible for the **25 percent intermunicipal bonus**.

- Grant funding is based on the population of the municipality as specified in the most current Alberta Municipal Affairs Official Population List.

c) If the application meets all the program eligibility requirements, **basic grant** funding is **certain**, but **enhanced grant** funding is **not**.

The maximum enhanced grant funding levels listed above ($10,000, $200,000, or $20 per capita, plus intermunicipal bonuses if applicable) are maximums. The

actual level of funding awarded will depend on the **need of the municipality**, the **merit of the project** (including usefulness), and the **quality of the application** (including planning). A project that does not achieve a good quality score might only receive **partial funding** or even **no enhanced funding** (this is discussed further in Part 3 of these Program Guidelines).

However, an enhanced grant application that is rejected for enhanced grant funding can still receive basic funding if it meets all the program's eligibility requirements, and if the applicant(s) still wish to continue with the project despite receiving reduced funding.

d) The amount of **time** to process the applications **varies**:

- A **basic grant application** can be processed in **three weeks** unless it has to be sent back for missing information, a clearer project description, etc.
- An **enhanced grant application** must undergo a scheduled review panel evaluation, which normally requires a minimum processing time of **six to eight weeks** from the application deadline.

Question **1(c)** on the Application Form requires choosing between applying for a basic grant and applying for an enhanced grant. Question **1(d)** asks about the grant amount requested. **Do not expect to get more than your maximum entitlement or what you ask for in question 1(d)**; however, you may get less funding, depending on your municipality's grant entitlement, the number of projects it is participating in, etc. In particular, if the requested grant amount exceeds the cost of the project (as shown by the project budget requested in Question **3(a)** of the Application Form), the **project cost** will be used as the grant amount requested.

1.5 Participating in More Than One Project

To maintain the flexibility to accommodate intermunicipal projects, municipalities may participate in more than one project as follows in 2003:

a) All eligible municipalities will be permitted to participate in:

- **one project** of its choice per year; or
- **two projects** per year **if at least one of them** is an **intermunicipal** project.

b) Rural municipalities with a population over 500 will be permitted to participate in:

- **one project** of its choice per year; or
- **two projects** per year **if at least one of them** is an **intermunicipal** project; or
- **three projects** per year **if at least two of them** are **intermunicipal** projects.

Participating in a project means being involved in a Municipal Sponsorship Program project in any capacity - as a managing or contributing partner in an intermunicipal

project or as the applicant for a single municipality project. However, to qualify as an intermunicipal project, **a minimum of two eligible municipalities must participate.**

If you are participating in more than one project, DO NOT APPLY until you have decided which project or projects you will be involved in.

The final issue here is how to answer question **1(f)** if your answer to question **1(e)** was **"2" or "3".** This allocation of grant eligibility is **up to the municipality** subject to the following constraints:

- The allocation of grant eligibility must be by **percentage of population**. This is because different projects may be approved for different percentages of their maximum grant eligibility. A municipality could be involved in both basic and enhanced grant applications. For example, it could be applying for basic or enhanced funding for one project while being a contributing partner in another project(s) that involves **either** basic or enhanced funding.
- The total percentage of population allocated among different projects **cannot exceed 100 percent**. A municipality's total grant entitlement **cannot** be increased through participation in more than one project.
- The **minimum percentage** of population that can be allocated to an intermunicipal project is **10 percent**. The 10 percent minimum is to ensure there is a significant financial commitment from each municipality towards the project.

Some numerical examples to help clarify how this would work are given in **Appendix B**.

2. GRANT ELIGIBILITY

2.1 Eligible Purposes

To be eligible for funding, the project must meet one or more of the following program objectives:

- improve municipal governance or administration,
- enhance municipal services or service delivery, and/or
- increase intermunicipal co-operation.

These must be verified by answering question **2(a)** on the Application Form.

2.2 Grant Conditions

The following conditions must also be met (which are reflected in questions **2(b)**, **2(c)**, and **2(d)** on the Application Form):

- **none** of the funds can be used towards the **municipal share** of any provincial-municipal cost-shared program or project;

- **none** of the funds can be used to pay for work done or materials obtained **before** the conditional grant agreement is signed by the Minister;
- the project or the project phase being applied for must be **completed** by **December 31, 2004.**

As well, the municipality must be prepared to enter into a Conditional Grant Agreement with the Province if the application is approved. The requirements of the Conditional Grant Agreement are discussed in Part 7 of the Program Guidelines.

3. ENHANCED GRANT REQUIREMENTS

3.1 General

As noted in Part 1 of the Program Guidelines, any eligible municipality can apply for an enhanced grant rather than a basic grant for a project if all of the eligibility requirements are met. The amount of enhanced grant funding that may be received is subject to municipal need, project merit (including usefulness), and the quality of the application (including planning), all of which are discussed below. However, the following points must also be kept in mind:

a) If a municipality is approved for **full** enhanced grant funding, the allocation will be calculated as follows:

- If the municipal population is **less than 500**, the maximum grant will be $10,000. For an **intermunicipal project**, the maximum grant will be $12,500 because of the 25 percent bonus.
- If the municipal population is **between 500 and 10,000**, the maximum grant will be calculated on the basis of $20 per capita. For an **intermunicipal project**, the maximum grant will be calculated on the basis of $25 per capita because of the 25 percent bonus.
- If the municipal population is **between 10,000 and 20,000**, the maximum grant will be $200,000. For an **intermunicipal project**, the maximum grant will be $250,000 because of the 25 percent bonus.

b) Funding will be calculated proportionately if a municipality participates in more than one project (see pages 4 and 5).

c) The population figures used will be the figures specified in the 2002 Official Population List issued by Alberta Municipal Affairs.

d) Alberta Municipal Affairs reserves the right to allocate additional funding in special cases (normally where warranted by special need or exceptional project merit).

3.2 *The Point Rating System*

The rating system for evaluating enhanced grant applications involves adding both need points and quality points together as follows:

- Need points are based on indicators of municipal need as explained in Section 5.1 of the Program Guidelines. These are calculated by Alberta Municipal Affairs beforehand and each eligible municipality is advised of its need rating. Need point ratings range from **0 to 70 points**.
- Quality points are based on a panel review of the enhanced grant application. The review panel assesses the merit of the project and the quality of the application as outlined in Section 3.4 below, then allocates a quality rating of **0 to 90 points** to the application. Further information on quality points is provided in Section 5.2, and **a Quality Score Evaluation Form** used by the review panels to evaluate applications **is included as Appendix A.**

Although this means a theoretical maximum of 160 points (combined need and quality points), applications require a minimum score of **100 points** to be eligible for **full funding** (the maximum grant entitlement).

An application receiving between **40 and 100 points**, may receive a **partial grant if its quality score is at least 40 points**. This is addressed in Section 3.3 below.

An application receiving a **quality score** of **less than 40 points and an overall score of less than 100 points** will **not** receive any enhanced funding. However, the municipality (or in the case of an intermunicipal project the partnership) will still receive its basic grant funding if it has applied for an eligible project and if it is prepared to go ahead with the project despite receiving only basic grant funding.

3.3 *Partial Funding*

As mentioned in Section 3.2, an enhanced grant application may **not** result in full enhanced grant funding, since limited program funding must be shared between all approved applications.

An application receiving an overall score between **40 and 100 points** may receive a **partial grant if its quality score is at least 40 points**. How much partial grant funding will be allocated depends on how much of the program's $13.5 million grant budget is left over **after** the full enhanced grants and the basic grants are paid.

If you choose to apply for enhanced grant funding, **you may wish to choose a project that can be completed in phases** because of this uncertainty. Otherwise, if you were to choose an all-or-nothing project assuming that 90 percent of the cost would be covered by a Municipal Sponsorship Program grant, what would happen if you were only approved for 40 percent? Could your municipality cover 60 percent of the total project cost rather than 10 percent? Or would it have to refuse the conditional grant money being offered?

Partial grant allocations are subject to the municipality (or in the case of an intermunicipal project, the partnership) **being prepared to go ahead with at least part of the project despite reduced provincial funding.** This is the issue being addressed in question **3(c)** on the Application Form.

3.4 Quality Factors

The sixth year of the program continues **to emphasize quality scores.** The maximum quality score will be increased from 85 to 90 points. This quality score will provide municipalities with low need ratings more opportunity to receive full enhanced funding (subject to submitting a high quality proposal). The threshold to qualify for full enhanced funding will not change.

It is important that municipalities respond to **all** of the questions in Part 3 of the Application Form clearly and concisely. Projects vary, but the responses to question **3(a)** on the Application Form (asking for a project budget and an implementation schedule, which should demonstrate suitable preparation and planning) might vary from one page for a simple equipment upgrade project to four pages or more for a larger, more complex project. Similarly, the answers to the seven parts of question **3(b)** on the Application Form might range from two to eight pages or more, depending on the complexity of the project.

Applicants are encouraged to consider, discuss, and include details about other **planning elements** that would enhance proposals such as safety, technology, communication, resources or innovations, and the benefits or needs of special groups (the elderly, disabled, youth, community groups, etc.).

An increasing number of project time extensions and description amendment requests (see Section 7.2) indicate that a number of municipalities are encountering challenges in carrying out projects as planned. Review panels will again be evaluating applications for sufficient evidence of project planning, and identification of, and mitigation for, reasonably foreseeable risks.

Key points to note about maximizing application quality and quality point scores are as follows **(see the Quality Score Evaluation Form in Appendix A for further information)**.

Quality Point Categories:

a) **22 points are allocated to the quality of the planning component**. The main emphasis here is on the **clarity and logic** of your responses to questions **1(b), 3(a),** and **3(b)** on the Application Form. A well planned project should include a **balanced budget** and an **implementation schedule**. However, descriptions or information about other components of your planning process, resources, training

and development needs, community needs the project will address, and an identification of acceptable and valid success measures (as noted in parts **(i), (ii), and (iii)** of question **3(b)** on the Application Form) should also be addressed here.

Note: **Success measures** have been frequently identified by panel members as one component of the project planning section that is often not fully addressed by applicants. Success measures attempt to gauge how well project results, both tangible and intangible, respond to the overall objectives of the project. In other words, success measures are indicators that will verify whether the community has actually achieved what it set out to accomplish.

b) **12 points are allocated to expected implementation and risk issues**. The main emphasis here is on the likelihood of **completing the project on time** (the completion date for 2003 projects is December 31, 2004) and the likelihood of **realizing the identified benefits**. Few projects can be implemented with the certainty of project success. Municipalities are expected to identify the **risk factors** and **appropriate solutions** to mitigate these potential risks. If you feel that there are minimal or even no risks associated with implementing your project, please explain your reasoning. While the focus here is on the response to part **(iv)** of application question **3(b)**, relevant parts of replies to other questions and any supplementary material related to risks and opportunities will also be considered in the evaluation.

c) **16 points are allocated to the expected usefulness of the results.** The main emphasis here is on the expected **net utility** of the results (negative results like higher operating costs have to be considered along with the positive results). Ensure that the **benefits** of the project to the municipality are identified and explained. If possible, these benefits should be quantified and linked to community needs or the desired areas of improvement. While the focus will be on the response to part **(v)** of question **3(b)**, relevant parts of replies to other questions and relevant supplementary material will also be considered here.

Note: A lack of quantification or identification of **measures** of the net improvements, economics, or efficiencies have been frequently identified by review panel members as one component of a project's usefulness that is often not well addressed by applicants.

d) **20 points are allocated for cooperation**. Municipalities are encouraged to choose projects that involve working with agencies, non-profit organizations, community groups, and other municipalities on projects that involve consultation, coordination, and cooperation. While the focus will be on the response to part **(vi)** of question **3(b)**, relevant parts of replies to other questions and relevant supplementary material will also be considered here. **Evidence and explanations of formal agreements**, relevant to the proposed project, that are in place to **demonstrate continuing cooperation** and **shared benefits** will enhance your application.

e) **15 points are allocated to innovation and progressive improvements.** Identified innovations and progressive improvements to municipal services and practices must be significant, useful, and realizable, and be over and above complying with legal requirements (e.g., Alberta Environment's drinking water standards) or delivering required municipal services. The emphasis is on improvements to municipal practices or innovations that result in **more efficiency, greater productivity, and/or improved conditions in the community**. A maintenance or repair project, or the replacement of existing equipment or facilities with something similar or to comply with upgraded standards, is not considered an innovative project. The focus will be on the responses to part **(vii)** of question **3(b)**, and projects to **adopt or adapt improved practices** from other municipalities, agencies, etc., are **encouraged** and will be rated accordingly.

f) **5 points are being allocated to a new category for enhancement of infrastructure management.** Municipalities are encouraged to choose projects that will assist in better managing municipal infrastructure. The emphasis is on improvements to the municipality's ability to establish and maintain a standardized inventory of existing municipal infrastructure and to capture information on its **condition** through use of the Municipal Infrastructure Management System (MIMS) Tool set. Further information on MIMS can be obtained from the Local Government Administration Association, the Alberta Rural Municipal Administrators Association, the Alberta Urban Municipalities Association, the Alberta Association of Municipal Districts and Counties, or Alberta Municipal Affairs.

3.5 Pilot Project: Multi-Year Project Approval

It is recognized that the size of program grants ($10,000 to $200,000) is not always sufficient to fully fund larger, multi-year projects. Feedback from municipalities and municipal associations points to a desire on the part of some municipalities that program funding be committed up front for two or three years to facilitate better municipal planning and implementation of projects.

Accordingly, in 2001, a pilot project was implemented to review the costs and benefits of a new multi-year project approval concept that would **fund up to three excellent multi-year projects** which demonstrated good multi-year planning, and which received high quality scores.

The pilot has been well received, with 37 applications for multi-year project approvals submitted for consideration since 2001. A special review panel is convened to evaluate the applications that meet the criteria for participation in the pilot project.

Since 2001, four excellent multi-year projects have been selected to participate in the pilot project. Following a preliminary review of the pilot in early 2003 and due to the positive feedback received from pilot participants and municipal representatives to date, the **pilot will continue in 2003**. Potential projects must receive a quality score of at least **65 points** to be eligible for the pilot. A detailed review to evaluate the usefulness of the pilot concept will be conducted prior to next year's Program announcement.

Municipalities have indicated that the pilot project offers a number of advantages including:

- up front project planning and implementation flexibility in being able to phase project activities over several years;
- annual reporting requirements for multi-phase projects require less administrative effort than that required to submit annual applications; and
- Municipal councils are more supportive of multi-year projects knowing that funds are confirmed for subsequent years.

Each multi-year application will require a full project description and a detailed plan that clearly shows **annual** activities, costs, and revenues, including proposed annual grant amounts for each of the years applied for. It must also address ongoing resource, scheduling, and implementation issues.

Approved projects will receive only year one funding initially. However, they will have first priority on future years' program funding, subject to continuation of the program and budget availability. Additional project funding instalments in subsequent years up to the three year maximum would be provided, but further annual applications would not be required if the approved projects continue to conform with the original approval, and if annual progress, financial, and compliance reports are submitted on schedule and to the Minister's satisfaction. Any cost overruns in any year would be the responsibility of the municipality and would **not** be shared by the department.

It should also be noted that municipalities approved for multi-year projects are not eligible to apply in subsequent years or for additional projects under the Municipal Sponsorship Program if maximum entitlements per year are fully allocated under the pilot project.

A total of up to three 2003 multi-year projects will be considered as test projects in year 3 of the pilot for those municipalities interested in participating. To be considered, municipalities must indicate interest and meet the following preliminary criteria:

1. Meet program eligibility and enhanced grant criteria.
2. Apply for an enhanced grant for a multi-year single or intermunicipal project.
3. Provide a detailed plan that clearly shows annual activities, annual costs, and annual revenues, including requested grant amounts for each of the years applied for.

4. Obtain a quality score of at least 65 quality points in the 2003 application review process.

5. Agree to some special conditions, including providing annual progress reports and other information as requested, for the purposes of conducting future pilot project reviews.

4. INTERMUNICIPAL PROJECTS

4.1 General

Groups of municipalities are encouraged to work together on projects of common interest and benefit, and apply jointly for a grant under the program. Enhanced intermunicipal projects are again eligible for a 25 percent bonus (see Section 4.3). The municipal partners must provide council resolutions that name **one** municipal partner as their managing partner for the project. **Only the municipality that is the managing partner can apply for a grant for the intermunicipal project.** The other municipal partners cannot submit an application form for any funding from the Municipal Sponsorship Program for this project.

Each municipality contributing to an intermunicipal project must contribute **a minimum of 10 percent** of its grant eligibility for the project to qualify as an intermunicipal project. Projects are not considered intermunicipal unless a **minimum of two eligible municipalities are participating**.

The managing partner can apply for either a basic grant or an enhanced grant, and the normal rules apply. However, joint intermunicipal projects have an added degree of complexity. You should therefore make sure that the project is carefully planned and that the **arrangements with the municipal partners are documented and clear**.

Subject to the requirement that an intermunicipal project must have a minimum of two eligible municipalities, projects that involve **ineligible municipalities** (e.g., summer villages) are permitted. Projects involving **non-municipal agencies** (e.g., irrigation districts), non-profit groups, and community organizations are encouraged. Although ineligible municipalities and non-municipal agencies are **not recognized for the purposes of calculating the amount of the grant** entitlements under the program, quality points may be awarded to applications that involve cooperation with these entities. The evaluation process includes assessing how cooperation with these organizations enhances an application. It should be noted that changing membership in an intermunicipal application to the program or to the pilot multi-year program is not permitted without amending the conditional grant agreement.

The **combined** population of the municipalities participating in an intermunicipal project **can exceed** 20,000. The maximum enhanced grant eligibility **can exceed** $200,000, as shown in example 1 in Appendix B.

4.2 *Responsibilities of the Managing Partner*

Becoming a managing partner for a Municipal Sponsorship Program intermunicipal application means undertaking a number of tasks and responsibilities:

a) The managing partner is responsible for **applying for the grant** for the project after consulting with the contributing partners. This involves the following:

- deciding on the **type** of grant (basic or enhanced) and the **amount** of grant funding applied for;
- finding out what **percentage of the grant entitlement** (a minimum of **10 percent** is required) each partner is prepared to apply to this project (see pages 4 and 5 of these Program Guidelines, and Appendix B);
- obtaining **council resolutions** from each of the municipal partners contributing to the project, and submitting documentation on each resolution;
- copying the participating partners on any official project correspondence or reporting;
- advising the contributing partners of any significant changes to the proposed project, **or of a decision to cancel or not make a grant application**, on a timely basis.

Calculating the grant entitlement for an intermunicipal project can be **complicated**, particularly when some of the partner municipalities are applying only part of their grant entitlement to the project. **Appendix B** provides examples of the situations that can arise and how to calculate the resulting need factors and grant entitlement.

b) The managing partner then has to **sign the Conditional Grant Agreement**, implement the project in accordance with the Agreement, and provide all the required compliance reporting and documentation on behalf of the partnership, including requests for project time extensions or project description amendments that may be required from time to time.

4.3 *Intermunicipal Bonus*

Due to the ongoing interest demonstrated for intermunicipal applications, the **cooperation category** that was introduced in 2000 **is being continued for 2003**. This category accounts for a **possible 20 quality points** out of a maximum quality score of 85 points available. The emphasis is on cooperation within and between communities to encourage better practices as well as to provide benefits to more people.

In addition to the cooperation category, enhanced intermunicipal applications will continue to qualify for a **25 percent bonus**. For example, municipality A and municipality B jointly apply for funding for an intermunicipal project. If their project

would normally be approved for $100,000 because of its total point score and population allocation, it would now be approved for $125,000 because of the intermunicipal bonus.

The 25 percent bonus applies only to enhanced grants, including partial enhanced grants but not to basic intermunicipal projects. The bonus will be **added to** the full or partial grant amount awarded by the review panel. The 25 percent bonus **must** be applied to the project applied for.

5. NEED AND QUALITY POINTS

5.1 Need Ratings

The point rating system for evaluating enhanced grant applications was introduced in 1998. Municipal need point ratings are calculated by Alberta Municipal Affairs beforehand and range from **0 to 70** points.

The weighting system used to assess and compare municipal need addresses the following basic questions:

- Is the municipality experiencing any significant demographic changes?
- Is the municipality experiencing sufficient growth in its equalized assessment base?
- What are the municipality's municipal tax efforts?

These need indicator questions translate into four need factors with their associated point scores, as shown in the following table:

Need Factor	Benchmark	Score (in points)
1997 to 2002 Population Growth (in %)	0 increasing to 4.99	20 decreasing to 0
	5.0	0
	5.01 increasing to 15	0 increasing to 20
1997 to 2002 Equalized Assessment Growth (in %)	0 increasing to 20	20 decreasing to 0
1996 to 2001 Equalized Municipal Tax Rate Growth (in %)	7 increasing to 12	0 increasing to 15
2001 Equalized Municipal Tax Rate (in Mills)*	7 increasing to 12	0 increasing to 15
Maximum Total		**70**

* These figures **exclude** the property taxes required to cover the education requisitions.

The preceding table shows that the **2003 need ratings are calculated on the same basis as the 2002** need ratings with the following exceptions:

- The start and end dates have been modified to reflect the most recent five-year data (1997 to 2002).

A number of municipalities indicated that retaining 1992 and 1993 as the base years in the need point formulas was not very useful for purposes of estimating current municipal needs. In order to respond to these concerns, Alberta Municipal Affairs agreed to start adjusting the start dates for the need point calculations, beginning in 2002. The

adjustment of these dates continues in 2003. Formula-based calculations indicate that the overall impact to municipalities as a result of adjusting the need factor calculations as recommended is minimal.

As in 2002, the maximum limit in the year-to-year change in the need rating of any municipality is 10 points. This limit will help mitigate any effects that may result from adjusting the start and end dates for the need factor calculations and will help maintain the current trend of stable need points.

Finally, it should be noted that new and restructured municipalities have been assigned need factors that best approximate what their situation would have been if there had been no boundary changes since 1997.

5.2 Quality Ratings

The issues addressed when a review panel looks at each quality factor are discussed in section 3.4 of these Program Guidelines. The quality factors and their point values are continued for 2003 as follows:

- The weighting of the "Quality of Planning Component" factor is maintained at **22 points,** and this category continues to emphasize the importance of good project planning.
- The weighting of the "Expected Implementation and Risk Issues" factor is maintained at **12 points**.
- The weighting of the "Expected Usefulness of the Results" factor is maintained at **16 points**.
- The weighting of the "Cooperation" factor is maintained at **20 points**.
- The weighting of the "Innovation and Progressive Improvements" factor is maintained at **15 points**, and this factor continues to emphasize a broad definition of innovation and progressive improvements. Innovations or improvements to municipal practices over and above current municipal services and current service levels are important to the program if they result in more efficiency, greater productivity, and/or improved conditions in the community.
- A new "Enhancement of Infrastructure Management" factor has been introduced with a weighting of **5 points** to emphasize enhanced management of municipal infrastructure.

Review panels assign quality ratings. Each enhanced grant application will be reviewed by a panel of two to five members depending on the complexity of the application and the amount of the grant requested. The panel members are drawn from a pool of experienced Local Government Services Division staff and municipal consultants. The review panel will focus on the responses to questions **1(b), 3(a), and 3(b)** on the Application Form and any relevant supplementary material provided. This information will be reviewed in

accordance with the quality issues and ratings noted above and in Part 3 of the Program Guidelines.

Note: The **2003 Quality Score Evaluation Form (see Appendix A)** will be used by review panels to evaluate enhanced applications.

6. APPLICATION DEADLINE AND APPEALS

6.1 Application Deadline

The application deadline is **July 11, 2003**. Late applications will **not** be considered unless the circumstances are exceptional and Alberta Municipal Affairs is satisfied with the reason for the lateness.

6.2 Appeals

Applicants will be contacted regarding the decisions on their applications and regarding signing Conditional Grant Agreements as follows:

- approximately **three weeks** after the application is received for basic grant applications, or
- by **September 19, 2003**, for most enhanced grant applications.

Basic grant applications and need point allocations for enhanced grant applications **cannot** be appealed. **Quality point allocations** for enhanced grant applications **can** be appealed subject to the following conditions:

a) A **request for an appeal must be in writing**, and if it is regarding an intermunicipal project it must be from the managing municipal partner.

b) This appeal must be received by the Director of Grants and Administration by **October 10, 2003**.

c) The written appeal must clearly state the ground(s) for the appeal and specifically **where or how the review panel has (in the opinion of the municipality) erred** in evaluating the municipality's original grant application.

d) A municipality **cannot** use the appeal process as a vehicle for submitting a new proposal or for enhancing the original proposal so as to result in a significantly changed application.

e) The appeal process cannot be used to change the original grant category or the amount requested, or to modify the original project proposed for funding.

The Director of Grants and Administration will arrange for an appeal panel to consider the appeal. The appeal panel will not include any members of the review panel that

evaluated the original grant application. The affected municipality or municipalities will be advised of the outcome of the appeal by **October 31, 2003**, in most cases.

7. GRANT AGREEMENTS AND COMPLIANCE REQUIREMENTS

7.1 Conditional Grant Agreement

Each approved applicant must enter into a Conditional Grant Agreement with Alberta Municipal Affairs regarding the use of the grant **before the funds will be released**. The terms of the agreement will include the use of the grant for the approved project only, the eligibility, reporting and accountability requirements, the Minister's right to audit any grant project, and the Minister's right to require a refund of any grant funds not used in accordance with the agreement.

The municipality must use the 2003 grant by **December 31, 2004.**

Full compliance with the Conditional Grant Agreement, including meeting the project timing and project description conditions (the project description is detailed in Schedule A of the signed conditional grant agreement), and including meeting the conditions that apply **after** completion of the project, will be required. Failure to comply with the agreement may result in the municipality having to repay the grant.

7.2 Further Compliance Documentation

Acknowledgement of Compliance: Within a month of completing the project (by January 31, 2005, or sooner), the Chief Administrative Officer (CAO) of the municipality receiving the grant must sign and file an Acknowledgment of Compliance form, certifying that the grant was used for the approved project in accordance with the terms of the Conditional Grant Agreement. Blank Acknowledgement of Compliance forms will be sent out at a later date, or can be requested from Alberta Municipal Affairs at the address given on page 2 of these Program Guidelines.

Short Report: If a municipality receives **a grant of more than $50,000**, a short report about the benefits realized from the project will be required within one month of completing the project (by January 31, 2005, or sooner).

Review Engagement Report: If a municipality receives **a grant of more than $100,000**, a Review Engagement Report must be submitted at the time of submitting the municipality's annual audited financial reports to Alberta Municipal Affairs (by May 1, 2005) regarding the applicant's compliance with the conditions of the Conditional Grant Agreement.

The Review Engagement Report requires the issuance of a report by an independent public accountant who is a member in good standing of the Institute of Chartered

Accountants of Alberta, the Certified General Accountants' Association of Alberta, or the Society of Management Accountants of Alberta, and who is **not** an employee of the municipality, the managing partner, or any partner municipality involved in Municipal Sponsorship Program projects.

Income Earned Accounting: Municipalities may be required to **apply any income earned (which includes interest, capital gains, dividends, etc.) on the approved grant to the project**.

Where significant time extensions, project changes, high grant amounts, or other circumstances warrant it, municipalities **may be** required to apply the income earned from the grant funds to the project and account for such income if so advised by program representatives in circumstances such as:

1. projects that are approved for a time extension that is over one year from the original project completion date and the specific situation warrants it;
2. grants are relatively large amounts;
3. a significantly altered project description amendment has been approved where accounting for the income earned is a requirement of the amendment approval; or
4. other situations as specified from time to time by the Minister or program representatives.

Any requirement to apply and account for the income earned will be included in an amendment to the conditional grant agreement.

7.3 Follow-Up

These Program Guidelines and the Conditional Grant Agreement both emphasize the conditions of Municipal Sponsorship Program funding. Provincial government accountability requirements mean that program staff must ensure an acceptable level of municipal compliance with these conditions. While program staff want to be helpful when problems arise, staff will employ **follow-up and collection procedures** to deal with municipalities that do not make reasonable efforts to meet the conditions of the Conditional Grant Agreement.

In addition, departmental representatives will continue to conduct a number of site visits in 2003 to view a sample of completed 2001 projects. These **site visits** provide an opportunity for program and municipal representatives to meet face to face to review the project's benefits to the community and to explore suggestions for possible program changes.

While site visits are an additional information gathering mechanism utilized by the department, the main focus is **not** on ensuring municipal compliance with the conditions of the program. Instead, the focus is on identifying ways the program can be further improved and ways that municipalities can better learn about and take advantage of successful projects elsewhere in the province.

7.4 *Time Extension and Project Amendment Requests*

A significant number of projects are requiring project description amendments and time extensions due to project alterations or delays. Some municipalities have not been providing clear and succinct descriptions of their projects on their application forms, while a number of municipalities fall behind schedule and are not able to complete their projects on time or as originally described.

It is the department's intent to accommodate reasonable project delays and problems where possible. However, to meet program accountability and compliance conditions, municipalities requesting project description amendments or completion date extensions must submit a request in writing that includes at least the following:

i) the project funds expended as at the date of the request;

ii) the reason for the delay or the project description change; and

iii) the revised completion date, any revised project components, and any other changes to the original proposal requested.

Other useful information that may be required by program representatives to evaluate the request includes:

iv) an updated project implementation schedule;

v) a contingency plan to mitigate further project delays; and

vi) a listing of the contract and/or other resources that will be used to complete the project.

Upon receipt of such a request, program staff will consider the request and provide recommendations to the Deputy Minister. Program representatives will the prepare an amending conditional grant agreement to amend the original documentation or project conditions and forward it for the municipality's signature(s) in order to process the requested changes.

APPENDIX A: Quality Score Evaluation Form

A number of municipalities continue to ask for further information about the specific allocation of quality points in the review panel scoring process. To assist municipalities in better understanding the quality point allocation within each of the quality factors, a copy of the **Quality Score Evaluation Form** has again been included as part of these guidelines, starting on the following page.

This form is used by the review panel members to assess the merit of the project and the quality of the application. Keep in mind that we are relying on the application to explain the project and present its merits.

AMA 2003 Municipal Sponsorship Program
Quality Score Evaluation Form

Municipal Information: 2002 Population: Entitlement for this Project: $

Quality Factors	Maximums Yes	Maximums Some-what	Scores Yes	Scores No	Scores Some-what
A. Quality of Planning Component [Clarity, Logic and Completeness]					
1 Project Description (Q.1 (b))					
Does the project description identify what is to be done, when and how?	3	1			
2 Revenues, Expenses, Net Position (Q.3 (a))					
Is there a clear, detailed and adequate presentation of a balanced project budget?	3	1			
3 Implementation Schedule (Q.3 (a))					
Does the proposal identify orderly, logical, feasible steps and assign target dates from start to finish?	2	1			
4 Training and Development (Q.3 (b)(i))					
Does the proposal address the staff training and development required for the implementation of the project and for making use of the project results?	2	1			
If this has been addressed, have appropriate resources been identified and allocated for staff training and development?	1	0			
5 Needs (Q.3 (b)(ii))					
Are the community needs and/or desired areas of improvement clearly identified?	4	2			
6 Success Measurements (Q.3 (b)(iii))					
Are the success measures for the expected project outcomes identified, measurable and quantified?	3	1			
Are the success measures applicable and valid?	1	0			
7 Overall Presentation (entire proposal including any attachments)					
Is the proposal clear, logical, complete, and well presented?	3	1			
Maximum Totals	22	8			

Panel Member Component Score A

Panel Member Comments:

AMA 2003 Municipal Sponsorship Program
Quality Score Evaluation Form

Quality Factors		Maximums Yes	Maximums Some-what	Scores Yes	Scores No	Scores Some-what
B. Expected Implementation and Risk Issues (Q.3 (b)(iv))						
1	Are the major risk factors and barriers to the success of this project identified or addressed?	3	1			
2	Are the appropriate mitigation steps or solutions to overcome the major risk factors identified?	2	1			
3	Considering the risks, are the inherent or expected benefits identified likely to be realized?	3	1			
4	Will the project likely be completed by December 31, 2004?	4	2			
	Maximum Totals	12	5			
	Panel Member Component Score B					

Panel Member Comments:

C. Expected Usefulness of the Results (Q.3 (b)(v))						
1	Are the benefits the project will provide the municipality (and its partners) fully identified and explained?	4	2			
2	Are these benefits relevant and responsive to the identified community needs or desired areas of improvement?	4	2			
3	Are the expected net improvements clear, significant and measurable?	4	2			
4	Do the expected improvements include realistic efficiencies, economies, gains in effectiveness, and/or best practices?	4	2			
	Maximum Totals	16	8			
	Panel Member Component Score C					

Panel Member Comments:

AMA 2003 Municipal Sponsorship Program
Quality Score Evaluation Form

Quality Factors		Maximums Yes	Maximums Some-what	Scores Yes	Scores No	Scores Some-what
D. Cooperation (Q.3 (b)(vi))						
1	Will the project outcomes actually be of significant benefit to partner or other municipalities in their operations?	6	3			
2	If so, have these benefits to partner or other municipalities been identified and clearly explained?	4	2			
3	Will the project outcomes actually be of significant benefit or support to other agencies, non-profit groups, community organizations, government departments, and/or industry? Has this been clearly explained?	6	3			
4	Are relevant formal agreements in place to address continuing cooperation and shared benefits to identified partners?	4	2			
	Maximum Totals	20	10			
	Panel Member Component Score D					
Panel Member Comments:						
E. Innovation and Progressive Improvements (Q.3 (b)(vii))						
1	Are specific innovative features or progressive improvements identified and do they qualify as innovation or progressive improvements? (not maintenance or repair projects or replacement of existing equipment or facilities with something similar)	5	2			
2	Are the features that qualify under E.1 significant and clearly useful?	5	2			
3	Are the features that qualify under E.1 realistic and realizable?	5	2			
	Maximum Totals	15	6			
	Panel Member Component Score E					
Panel Member Comments:						

AMA 2003 Municipal Sponsorship Program Quality Score Evaluation Form						
		Maximums		Scores		
Quality Factors		Yes	Some-what	Yes	No	Some-what
F. Municipal Infrastructure Management						
1	Will the project involve significant collection of data on existing municipal infrastructure in a standardized format?	1	0			
2	Will the project also use the Municipal Infrastructure Management System (MIMS) Tools for data capture and MIMS as the data repository?	4	2			
	Maximum Totals	5	2			
	Panel Member Component Score F					
Panel Member Comments:						
	Maximum Overall Totals A, B, C, D, E and F	90	40			
	Total Score					

APPENDIX B: Calculating Intermunicipal Project Grant Entitlements

The applicant is **not** responsible for calculating the grant entitlement or the need rating for an intermunicipal project. Alberta Municipal Affairs will do this based on the information provided in the application for the project. These calculations can be complex because allowing all eligible municipalities to participate in more than one Municipal Sponsorship Program project per year is facilitating intermunicipal projects at the expense of complicating the necessary calculations.

However, many applicants want to be able to calculate the grant entitlements and need ratings for intermunicipal projects, or at least understand how this is done. **The basic approach is to add grant entitlements by population and calculate weighted average need factors by population**, but this is easier said than done. The following examples should help:

Example 1: One enhanced intermunicipal project from three municipalities. Each applies 100% of its population (which is 100% of its grant eligibility) to the project.

Municipality A	Municipality B	Municipality C
• population is 15,000 • maximum enhanced grant entitlement for the individual municipality is $200,000 • need factor is 30	• population is 1,000 • maximum enhanced grant entitlement for the individual municipality is $20,000 • need factor is 50	• population is 200 • maximum enhanced grant entitlement for the individual municipality is $10,000 • need factor is 60

For an intermunicipal project involving all three municipalities, we would **add up** the maximum enhanced grant entitlements of municipalities A, B, and C ($200,000, $20,000, and $10,000) to get the maximum enhanced grant entitlement for the intermunicipal project ($230,000 in this case).

The combined need factor would be the **weighted average** by population (30 x 15,000, 50 x 1,000, and 60 x 200 divided by 16,200), which works out to 31.6.

The **actual grant amount** awarded would then **depend on the quality score** the project received. The project would also be eligible for the 25 percent intermunicipal bonus.

Example 2: One basic intermunicipal project application from two municipalities, plus a single municipality enhanced grant application from one of them. Municipality D applies 100% of its population (and hence 100% of its grant eligibility) to the intermunicipal project, but Municipality E applies only 50% of its population and grant eligibility to the intermunicipal project. The other 50% of Municipality E's population and grant eligibility is applied to its own enhanced single municipality project.

Municipality D	Municipality E
• population is 5,000 • basic grant entitlement for the individual municipality is $12,500 • need factor is 35	• population is 11,000 • basic grant entitlement for the individual municipality is $20,000 • maximum enhanced grant entitlement for the individual municipality is $200,000 • need factor is 27

For an intermunicipal project involving all of municipality D's basic grant entitlement and half of municipality E's entitlement, we would **add up** the municipalities' basic grant entitlement **in a modified fashion** as follows: D x 100% plus E x 50% ($12,500 and $10,000), to get the basic grant entitlement for the intermunicipal project ($22,500 in this case). This would be the actual amount awarded (the need score would not be counted and no quality rating would be calculated). **No bonus** is offered for **basic** intermunicipal grants.

Municipality E would also be considered for its residual single municipality project. Its maximum enhanced grant entitlement would be $100,000 (**half** of its normal maximum enhanced grant entitlement because the other half of its population has been assigned to the intermunicipal project, even though the intermunicipal project only involves basic funding). The need factor would still be 27, and the actual grant amount awarded would then depend on the quality score this single municipality project received.

Example 3: Two enhanced intermunicipal project applications from three municipalities. Municipality F applies 70% of its population (and hence 70% of its grant eligibility) to project 1 and 30% to project 2. Municipality G applies 40% of its population and grant eligibility to project 1 and 60% to project 2. Municipality H applies 100% of its population and grant eligibility to project 1.

Municipality F	Municipality G	Municipality H
• population is 5,000 • maximum enhanced grant entitlement for the individual municipality is $100,000 • need factor is 10	• population is 1,000 • maximum enhanced grant entitlement for the individual municipality is $20,000 • need factor is 70	• population is 200 • maximum enhanced grant entitlement for the individual municipality is $10,000 • need factor is 40

For project 1, the intermunicipal project involving all three municipalities, we would **add up** the maximum enhanced grant entitlements of the three municipalities **in a modified fashion** as follows: F x 70% plus G x 40% plus H x 100% ($70,000, $8,000, and $10,000), to get the maximum enhanced grant entitlement for intermunicipal project 1 ($88,000 in this case).

The combined need factor for project 1 would be the **weighted average** by **allocated** population (10 x 5,000 x 70%, 70 x 1,000 x 40%, and 40 x 200 x 100% divided by 4,100), which works out to 17.3.

The actual grant amount awarded would then depend on the quality score that project 1 received. The project would also be eligible for the 25 percent intermunicipal bonus.

For project 2, we would **add up** the maximum enhanced grant entitlements of municipalities F and G **in a modified fashion** as follows: F x 30% plus G x 60% ($30,000 and $12,000), to get the maximum enhanced grant entitlement for project 2 of $42,000.

The combined need factor for project 2 would also be the **weighted average** by **allocated** population (10 x 5,000 x 30% and 70 x 1,000 x 60% divided by 2,100), which works out to 27.1.

The actual amount awarded would then depend on the quality score that project 2 received. The project would also be eligible for the 25 percent intermunicipal bonus.

More complex permutations and combinations are possible, but these three examples should give you the picture.

APPENDIX C: Overview And Checklists

1. Basic Grant Application for a Project Involving Only a Single Municipality

The requirements for this type of grant are addressed in Parts 1, 2, 6, and 7 of the Program Guidelines.

Complete Parts **1, 2, and 4** of the **2003 Single Municipality Grant Application Form.**

2. Basic Grant Application for an Intermunicipal Project

The requirements for this type of grant are addressed in Parts 1, 2, 4, 6, and 7 of the Program Guidelines.

Complete Parts **1, 2, 4, and 5** of the **2003 Intermunicipal Project Grant Application Form.** As well, **copies of council resolutions** from each of the other partner municipalities must be attached.

3. Enhanced Grant Application for a Project Involving Only a Single Municipality

The requirements for this type of grant are addressed in Parts 1, 2, 3, 5, 6, and 7 of the Program Guidelines.

Complete Parts **1, 2, 3, and 4** of the **2003 Single Municipality Grant Application Form.** As well, **the material required for questions 3(a) and 3(b)** must be attached.

4. Enhanced Grant Application for an Intermunicipal Project

The requirements for this type of grant are addressed in Parts 1, 2, 3, 4, 5, 6, and 7 of the Program Guidelines.

Complete Parts **1, 2, 3, 4, and 5** of the **2003 Intermunicipal Project Grant Application Form.** As well, **the material required for questions 3(a) and 3(b)** and **copies of council resolutions** from each of the other partner municipalities must be attached.

Questions?

If you have any questions or require further information on the Municipal Sponsorship Program, please contact:

Mr. Ram Rajendra, Director, Grants and Administration, **or**
Ms. Lou Espino, Manager, Grants and Information Support, **or**
Ms. Janice Romanyshyn, Manager, Policy and Special Grants
by phone at (780) 427-2225, by fax at (780) 422-9133, or by writing:
Alberta Municipal Affairs
Municipal Services Branch
Grants and Administration Unit
17th Floor, 10155 - 102 Street
Edmonton, AB T5J 4L4

The application deadline is **July 11, 2003.**